



TO: MTC Planning Committee
ABAG Administrative Committee

DATE: July 6, 2011

FR: Deputy Executive Director, Policy, MTC
Executive Director, ABAG

RE: Plan Bay Area: Alternative Scenarios

Last month, the Commission and ABAG's Administrative Committee approved moving forward to evaluate five alternative scenarios to demonstrate how the region might achieve the Plan Bay Area performance targets adopted by MTC and ABAG earlier this year. In response to public comment, the Committee and Commission requested staff to consider a proposal for a sixth alternative scenario focused on "Equity, Environment and Jobs" and to return in July with details on how the approved five alternatives address the components proposed for this sixth alternative scenario.

This memorandum and its attachments provide additional detail on how the five approved alternative scenarios address the land use and transportation components recommended by the advocates and recommends next steps for addressing equity in the alternative scenarios process.

Defining Equity

The 1994 Executive Order 12898, Federal Actions to Address Environmental Justice in Minority and Low Income Population states that "each federal agency shall make achieving environmental justice part of its mission by identifying and addressing, as appropriate, disproportionately high and adverse human health effects of its programs, policies and activities on minority populations and low income populations." The U.S. Department of Transportation directs all its federal agencies to adhere to the principles outlined in the Executive Order. As such the Executive Order applies to Regional Transportation Plans (RTPs); MTC has therefore conducted equity analyses on its RTPs since 1994.

The Regional Equity Working Group for Plan Bay Area was formed in early 2011 from the membership of the Regional Advisory Working Group and MTC Policy Advisory Council's Equity & Access Subcommittee. The purpose of the Equity Working Group is to assist in identifying and providing advice on the major equity issues in the region from a diverse range of community and professional perspectives, including housing, transportation access and affordability, public health, and infrastructure need. The Equity Working Group has met monthly since February to assist staff in the development of the equity analysis framework for Plan Bay Area.

To date the Equity Working Group developed a set of regional equity priority issues that form the conceptual framework of the five equity analysis performance measures. These are as follows and will be further refined and defined over the next several weeks:

1. **Affordable Housing and Transportation Choices** (including preservation and production of affordable housing near transit)
2. **Equitable Growth** (avoiding displacement of low-income residents/communities, creating “complete communities”)
3. **Making the Jobs/Housing Connection**
4. **Healthy Communities** (public health implications of regional decision making)
5. **Equitable Mobility** (including options for seniors and people with disabilities)

The target populations involved in the equity analysis are determined in part by federal Title VI/EJ requirements. Based on input from the Equity Working Group, staff proposes to expand this definition of target populations for purposes of the equity analysis of each alternative scenario to include the low-income households and low-income or minority communities as analyzed in previous RTPs, as well as communities with concentrations of zero-vehicle households, limited-English-proficient residents, people with disabilities, and seniors over age 75.

Relationship between the Regional Housing Needs Allocation (RHNA) and Plan Bay Area

The proposed RHNA methodology being developed by ABAG staff with the help of the SCS Housing Methodology Committee combines sustainability and fair share criteria as requested by advocates of the “Equity, Environment, and Jobs Scenario”. As currently proposed by ABAG, the RHNA income allocation method would give jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. Conversely, jurisdictions that have a lower proportion of households in an income category would receive a larger allocation of housing units in that same category.

The alternative scenarios will incorporate most of the elements of the proposed RHNA methodology, including an emphasis on growth in PDAs, the use of “quality of life” factors to distribute growth to areas outside of PDAs, the minimum threshold for growth, and the income shift. We believe this directly addresses the Land Use component #2 in advocates’ scenario.

SB 375 requires RHNA to be consistent with the SCS. As such, the RHNA methodology will closely track the development of the alternative scenarios. The Preferred SCS Scenario ultimately adopted by MTC and ABAG in February 2012 will use the RHNA distribution for first 8 years of the One Bay Area plan.

Equity Considerations in the Approved Scenarios

A. Land Use Elements

The Focused Growth, Core Concentration, and Outer Bay Area Growth scenarios address the land use components requested by the equity leaders and advocates as follows:

1. *Allocation of a substantial proportion of housing growth based on jobs, high-performing schools, transit service levels, and other indicators of opportunity:*

The SCS will pursue the development and strengthening of complete communities to enhance the quality of life in all neighborhoods and centers throughout the region. The PDA framework, in particular, emphasizes residents' access to transit, jobs, stores, quality schools, health services, and entertainment. While many PDAs might not currently have high-performing schools or strong employment growth, the purpose of the SCS is to provide additional support to those communities to address needed improvements. The alternative scenarios will identify some of the policies and investments required to achieve strong complete communities in PDAs.

In addition, some growth in each of the constrained alternative scenarios will be directed to areas outside of the PDAs that have the characteristics of a complete community. Growth outside of the PDAs will be distributed based, in part, on factors that contribute to neighborhood quality of life, such as access to jobs, transit, services, and quality schools. Each jurisdiction will be expected to accommodate a minimum percent of the housing need it is expected to generate based on factors related to demographic change and household formation.

The approach used would be consistent with what is adopted as part of the RHNA methodology for the 2015-2022 period. As currently proposed, the RHNA methodology includes the following components: housing and job growth in PDAs from SCS Preferred Scenario, an upper housing threshold (110 percent of household formation), a minimum housing floor (40 percent of household formation), quality of life factors for growth outside of PDAs, and the income allocation (175 percent shift towards regional average)¹

2. *Allocate extremely low, very-low, and low income housing units to cities with low numbers of low-income residents:*

All three constrained alternative scenarios will address this equity objective by projecting a greater diversity of housing choices across jurisdictions, which is also part of the proposed RHNA methodology described above. As proposed, the income allocation method gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. Conversely, jurisdictions that have a lower proportion of households in an income category would receive a larger allocation of housing units in that same category.

The Focused Growth, Core Concentration, and Outer Bay Area Growth scenarios emphasize different equity approaches based on the underlying land use pattern. The Core Concentration scenario will provide greater access to jobs and services to a higher share of the low-income population than the other scenarios given the concentration of growth in the Inner Bay Area. The Outer Bay Area Growth scenario would increase employment opportunities and access to services and amenities for the predominantly residential neighborhoods in the Outer Bay Area. By accommodating more moderate levels of growth in PDAs throughout the region, the Focused Growth scenario provides a balance between these approaches.

¹ More details about the RHNA methodology are available on the One Bay Area website at: http://www.onebayarea.org/plan_bay_area/housing.htm.

The attached ABAG staff memoranda provide more details for how the land use elements of the alternative scenarios address social equity, including displacement and health and safety issues. Staff believes that the proposed alternative scenarios provide a reasonable range of land use growth assumptions that can incorporate the advocate's land use components.

B. Transportation Elements

Two transportation elements are included in the five MTC/ABAG-approved alternative scenarios: (1) Transportation 2035 network (represented in Alternative Scenarios 3 and 5); and (2) T2035 plus Core Capacity Expansion (represented in Alternative Scenarios 1, 2 and 4). These elements provide a reasonable range of options that we believe can address the components of the proposed "Equity, Environment and Jobs Scenario" as follows:

1. Maximize funding for local transit operations and prioritize service in lower-income areas.

The T2035 plan transit expenditures total about \$140 billion, or about 65% of total funding. Of this \$140 billion, about \$111 billion, or 51% of total expenditures, is invested in maintaining and operating the region's existing transit system. Even with this substantial investment, a combined capital maintenance and operating need remains totaling \$17 billion despite an additional \$6 billion infusion of new RTP discretionary funding for transit capital replacement. The T2035 plan mainly assumes transit service expansion for the fully funded projects (both capital and operating) in Resolution 3434 (MTC's regional transit expansion plan) projects. These projects included SMART, BART/San Jose, and various light rail transit (LRT) and bus rapid transit (BRT) projects. No new bus or fixed guide way service was assumed beyond these projects due to the inability to leverage new operating funds, and due to the combined \$17 billion capital maintenance and operating remaining needs.

Despite not being able to address the T2035-projected combined maintenance and operating needs, the financially unconstrained IVS (Scenario #1) assumes service frequency increases on 70 bus and rail lines that total an estimated additional \$300 million/year in net operating costs. These service increases are located primarily in high-growth PDAs, which also support the Communities of Concern that are identified by MTC as areas with high levels of minority and low-income populations. Federal statute requires that our transportation plans meet the test of financial reasonableness. With this requirement in mind, it is clear that we will need to look to ways to leverage existing funding to cover projected transit unmet needs in T2035 (Scenarios 3 and 5), and to fund desired new services beyond the T2035 envisioned in Scenarios 2 and 4.

2. Flex more transit capital funding into transit operating and backfill transit capital with other capital funding.

An initial assessment of T2035 indicates that, under federal eligibility provisions, we could flex about \$ 7 billion of additional capital maintenance funding for operating revenue. While this transfer reduces the T2035 transit operating need from \$8 billion to \$1 billion, it increases the transit capital replacement need to \$7 billion (from \$17 billion to \$24 billion). We could also assume additional operating revenue in two ways: 1) assume transit cost containment and efficiencies consistent with the Transit Sustainability Project analysis that assumes the region could achieve up to 10% reduction in operating costs under certain cost containment strategies; and 2) determine what uncommitted revenues could be directed to

fund transit operations. As with past RTPs, this latter approach would be subject to Commission deliberations on investment tradeoffs.

3. *Include only the most cost-effective projects, including those from Community Based Transportation Plans.*

Staff will conduct a performance assessment of all projects or project types, similar to what was done for the Transportation 2035 Plan. The assessment will be based on the performance targets previously adopted by MTC and ABAG. All “non-committed” projects are subject to a target assessment. A benefit/cost ratio analysis will be conducted on larger capacity increasing projects (greater than \$50 million). These analyses will provide MTC and ABAG with sufficient information to understand tradeoffs among projects included in the alternative scenarios.

4. *Prioritize capital projects that will improve health and safety.*

In addition to point #3 above, ABAG and MTC adopted the following three health and safety performance targets that will be used in the evaluation of each scenario:

- Reduce premature deaths from exposure to particulate emissions/ incidence of asthma
- Reduce the number of injuries and fatalities from all collisions (including bike and pedestrian)
- Increase the average daily time walking or biking per person for transportation

5. *Use local road discretionary funding and other funding to support communities that provide significant portions of the region's lower-income housing.*

The OneBayArea Grant program (to be released under Agenda Item 2 a.) is based on the premise that those local jurisdictions providing higher shares of the region's housing growth, which includes lower-income housing per RHNA, would receive more regional discretionary funding. MTC and ABAG will have extensive discussions on investment tradeoff strategies that will determine how One Bay Area Grant and its regional program elements are carried forward into a preferred long-range Plan Bay Area investment strategy expected to be approved in February 2012.

Recommendation

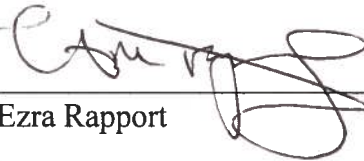
On July 1, MTC and ABAG staff met with representatives of groups proposing the “Equity, Environment and Jobs Scenario” to further discuss the need for this scenario. At that meeting, staff indicated that more details on the land use and transportation elements of the five approved scenarios would be presented at your July 8 meeting. These have been articulated in this memorandum and its attachments. We propose to use this information to continue discussions, review with the Policy Advisory Council and Equity Working Group, and come back to the Commission and ABAG Boards later this month.

Through these discussions, we will further clarify the transportation and land use element assumptions of each scenario to determine the best approach to address the equity components being sought in the “Equity, Environment and Job Scenario”.

Staff recommends that the committees take no action on this topic on July 8 to allow staff to work further with the advocates and others in developing an approach to address equity in the alternative scenario definitions. ABAG is expected to consider this issue at its July 21, 2011 Executive Board meeting and the Commission would do so at its meeting on July 27, 2011.



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